



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Revised June 28, 2006

H.R. 3351 **Native American Technical Corrections Act of 2006**

*As cleared by the Congress on May 2, 2006,
and signed by the President on May 12, 2006*

SUMMARY

H.R. 3351 (enacted as Public Law 109-221) amends the Indian Tribal Land Acquisition Program (ITLAP) and the Indian Gaming Regulatory Act (IGRA). The legislation changes the loan-servicing procedures for the ITLAP and increases the fees paid to the National Indian Gaming Commission (NIGC) by tribal gaming operators.

CBO estimates that the act will increase revenues by \$3 million in 2006 and by about \$290 million over the 2007-2016 period.

CBO also estimates that the act will increase direct spending by \$23 million in 2006 and by about \$310 million over the 2006-2016 period. Of those totals, \$20 million in costs is for the changes to ITLAP, with the remainder of the spending coming from the estimated \$290 million in new revenues over the 2006-2016 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3351 is shown in the following table. The costs of the legislation fall within budget functions 350 (agriculture) and 800 (general government).

By Fiscal Years, in Millions of Dollars											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CHANGES IN REVENUES											
NIGC Fees											
Estimated Revenues	3	11	18	21	25	28	31	34	37	41	44
CHANGES IN DIRECT SPENDING											
Spending of NIGC Fees											
Estimated Budget Authority	3	11	18	21	25	28	31	34	37	41	44
Estimated Outlays	3	11	18	21	25	28	31	34	37	41	44
ITLAP Debt Write-Down											
Estimated Budget Authority	20	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	20	0	0	0	0	0	0	0	0	0	0
Total Changes in Direct Spending Under H.R. 3351											
Estimated Budget Authority	23	11	18	21	25	28	31	34	37	41	44
Estimated Outlays	23	11	18	21	25	28	31	34	37	41	44

BASIS OF ESTIMATE

Revenues

The IGRA established the NIGC to monitor and regulate gaming activity on Indian lands. Section 301 authorizes the commission to collect an annual fixed assessment on tribal gaming operators based on tribal gambling revenues. Prior to enactment of H.R. 3351, that assessment was limited to a total of \$12 million annually in fiscal years 2006 and 2007 and \$8 million in each subsequent year. H.R. 3351 amended the fixed limitation and allows the NIGC to collect up to 0.080 percent (80 cents per \$1,000) of all gaming revenues subject to NIGC regulation.

CBO expects that changing the assessment to a percentage of total tribal gambling revenues will lead to a significant increase in the amount of fees collected. CBO estimates that \$3 million in additional fees will be collected in fiscal year 2006. We estimate that additional fees will be collected in subsequent years, with the annual increment growing to \$44 million in fiscal year 2016.

Direct Spending

National Indian Gaming Commission Fees. As additional revenues are collected under the act, NIGC spending will rise by identical amounts. Thus, CBO estimates that NIGC spending will increase by \$3 million in 2006. Spending will continue to grow with gaming revenues and increase by an additional \$44 million a year by 2016.

Indian Tribal Land Acquisition Debt Write-Down. Section 203 changes loan-servicing procedures for the Indian Tribal Land Acquisition Program administered by the Department of Agriculture (USDA). Under certain conditions, USDA may write down (partly forgive) ITLAP loans held by financially stressed borrowers to the value of the land securing the loan. Before enactment of H.R. 3351, USDA determined the value of land by an independent appraisal of market rents in the area. Following enactment of H.R. 3351, the estimated value of land will now be based on actual rental proceeds for the property rather than the market appraisal of that property.

Consequently, properties that are rented for less than market values now qualify for partial debt forgiveness. Under the Federal Credit Reform Act, the cost of a loan modification is the change in the subsidy cost of the loan (on a present value basis) resulting from the modified loan terms. CBO estimates that this loan modification has a cost of \$20 million. That cost should be recorded in fiscal year 2006—the year of enactment.

PREVIOUS CBO ESTIMATE

On May 26, 2006, CBO transmitted a cost estimate for H.R. 3351, enacted as Public Law 109-221 on May 12, 2006. This estimate supersedes our earlier cost estimate. The previous estimate omitted the cost of modifying loans made under the Indian Tribal Land Acquisition Program.

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